

Overview of Draft DLA-RUBBER-002

**Basic Ordering Agreement (BOA) for
DNSC Crude Natural Rubber Sales**



**Rubber Industry Meeting
Hilton New York, April 16, 2002**

RUBBER BOA REVIEW

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RUBBER SALES



- ◆ **DLA-RUBBER-002, draft issued 4-5-2002**
- ◆ **Sales Format: Basic Ordering Agreement (BOA)**
- ◆ **Sales/Offerings: depend on market dynamics**
- ◆ **Material offered by item number, storage location, grade, and weight**
- ◆ **FY 2002 AMP: 71,636 Long Tons**

NEW SALES APPROACH FOR DNSC RUBBER



◆ New Features

- ◆ Material for sale posted to DNSC Web Site
- ◆ Participants pre-qualify to participate
- ◆ Sales forms, BOA available on web page
 - ◆ <https://www.dnsc.dla.mil>

NEW SALES APPROACH FOR DNSC RUBBER



Previous Approach

- ◆ Negotiated Format
- ◆ Quantity sold each month
- ◆ Several pages constitute offer
- ◆ Each offer stands alone

NEW Approach

- ◆ Basic Ordering Agreement (BOA)
- ◆ Offer material periodically, depending on market/needs
- ◆ One sheet (Quote/Award) to quote
 - ◆ I.1 + signed BOA = Contract
- ◆ Common terms and conditions

NEW SALES APPROACH FOR DNSC RUBBER



Previous Approach

- ◆ Up to fifteen working days to review offers and award
- ◆ Fixed offer opening date
- ◆ Cash and carry only
- ◆ Award information made public after award

NEW Approach

- ◆ Shorter review/award time (discussion point)
- ◆ More responsive to customer needs; no delay in participating
- ◆ May request payment terms
- ◆ Monthly aggregate sales notice issued

Total Rubber Inventory

As of 03/20/02



Ribbed Smoked Sheet (RSS) Rubber

Location	LBS	Long Tons
Binghamton, NY	35,304,138	15,761
Flagstaff, AZ	62,576,696	27,936
New Haven, IN	4,774,595	2,132
Somerville, NJ	32,262,501	14,403
Topeka, KS	6,324,282	2,823
Warren, OH	<u>19,221,846</u>	<u>8,581</u>
<i>TOTAL:</i>	<i>160,464,058</i>	<i>71,636</i>

Rubber Sales



<u>Date of Sale</u>	<u>Type of Rubber</u>	<u>Type of Sale</u>	<u>Unit Price</u>	<u>Quantity (in LBS)</u>	<u>Value</u>
1/22/97	RSS/TSR	Negotiated		69,820,171	\$33,800,000.00
4/25/1997	TSR	Sealed Bid	\$0.3560	23,412,426	\$ 9,060,300.58
5/16/1997	TSR	Sealed Bid	\$0.3470	<u>29,651,411</u>	<u>\$10,419,740.00</u>
		Total Sales		122,884,008	\$53,280,040.58

*TSR- Technically Specified Rubber

*RSS- Ribbed Smoked Sheet

NEW SALES APPROACH FOR DNSC RUBBER



VISION FOR FUTURE SALES

- ◆ Interactive Web Site
- ◆ No more hard copies of sales documents
- ◆ Quote on-line (interactive)
- ◆ Paper-free contracting

Section A- Agreement/ Contract Form



- ◆ **Agreement/Contract Form:** an executed copy of the Basic Ordering Agreement and the Quote/Award Form (I.1) *together* will constitute a contract
- ◆ **Material Description:**

Material consists of various grades of 1, 1X, and 2 Ribbed Smoked Sheets (rubber) weighing approximately 200 to 250 pounds per bale with dimensions of 30 X 20 X 14 inches, stored on wooden pallets.

Section B - PreQualification



- ◆ Companies may register and qualify under the BOA at any time (ongoing process)
- ◆ Submittals to register and qualify under BOA:
 - ◆ Applicants must review and agree to conform to the terms and conditions of the Agreement by completing pertinent sections of the BOA cover sheet
 - ◆ Complete Identifications I.5 through I.7 (Sections I.3 and I.4 are self-certified by initialing at time of quote)
 - ◆ Financial statements and references

Section B - PreQualification



- ◆ Government will review submittals
 - ◆ Government will evaluate and establish financial responsibility of applicant
 - ◆ Government will execute BOA and return copy to applicant
- ◆ All Applicants must submit the following for review:
 - ◆ Most recent income statement and balance sheet
 - ◆ References to support financial responsibility

Section B - PreQualification



- ◆ In addition, Government will obtain current Dun & Bradstreet Report and will evaluate DNSC sales history (if applicable)
- ◆ Based on financial strength of a company, DNSC will determine the financial exposure limit extended to the company and weigh acceptance of requested payment terms.
 - ◆ In consideration of payment terms, the Government expects an equitable adjustment in quoted price

Section B - PreQualification



- ◆ Notification of payment terms will be forwarded to Applicant by letter within ten (10) working days from receipt
- ◆ Re-evaluation of submittal documents and financial information will occur annually or as otherwise required
- ◆ Representations and Identifications must be renewed annually or when information changes
- ◆ Independent Pricing and Debarment/Suspended status is confirmed on Quote/Award Form (I.1)

Section C - Quotes

Sales Procedure



- ◆ Material available for sale will be posted on the DNSC website <https://www.dnsc.dla.mil> by 11:30 a.m., local time, Fort Belvoir, VA on the FIRST Tuesday of each month.
- ◆ Problems accessing website? Call:
 - ◆ Alicia Turrentine (703) 767-6515
 - ◆ James Jenkins (703) 767-6529
- ◆ Contractual Issues? Call:
 - ◆ DNSC Contracting Number (703) 767-6500

Section C - Quotes



- ◆ Quotes shall be submitted on I.1 Quote/Award Form; quoter initials in space provided to designate compliance with Independent Pricing and Debarment/Suspension (I.3, I.4)
- ◆ Quotes must be faxed and received by date and time noted on web site
- ◆ Time is local time, Fort Belvoir, VA
- ◆ Fax quotes to: (703) 767-5541

Section C - Quotes



- ◆ Quotes shall be a fixed price (cent per pound)
- ◆ Quotes shall be a entire line item unless otherwise noted on web site.
- ◆ Contracts will be awarded within two business days (48 hours)

Section C - Quotes



- ◆ **Evaluation of Quotes**
 - ◆ Price and price alone
 - ◆ Must have completed and approved BOA package prior to quoting (DNSC letter)

- ◆ **Contract Award**
 - ◆ Completed and approved BOA
 - ◆ I.1 Quote/Award Form - completed and signed by Contracting Officer

Section D - Payment



◆ Cash and Carry

- ◆ Payment and shipment before contract expiration date

◆ Set-Off of Funds

- ◆ All monies received by Government may be used to satisfy any outstanding Contractor debt

Section E- Material Removal



Removal

- ◆ Contract period based on quantity of material awarded.
- ◆ Shipping Instructions must be received five (5) working days prior to requested shipment date
- ◆ If contractor fails to remove material by contract expiration date, may be assessed storage charges, interest, and may risk contract default (pay & perform)
- ◆ Contact us prior to with compliance difficulties

Section F - Shipping



Request for Shipment

- ◆ **J.3 Shipping Instructions** must be sent/faxed to the Contracting Officer to initiate material shipment
 - ◆ Delivery F.O.B Carrier's Conveyance
 - ◆ Contractor must furnish storage depot with commercial bills of lading five (5) working days prior to requested shipment date
 - ◆ Incomplete shipping instructions may cause a delay in processing material shipment

Section F - Shipping



Request for Shipment

- ◆ No material will be shipped until all outstanding delinquent charges and payments have been satisfied
- ◆ Shipping Instructions will only be accepted from individuals authorized to ship material (See Section I.6)

Section G - Contract Administration



◆ Amendments and Modifications

- ◆ Shall be in writing and signed by Contracting Officer

- ◆ Minimum administrative fee for a contract modification is now \$1,500.00 (payable upon execution)

◆ Title

- ◆ Title of material shall pass to the Contractor upon payment or shipment of material, whichever occurs first (G.3)

DNSC WEB SITE

<https://www.dnsc.dla.mil>



- ◆ Rubber sales information will be accessible from the DNSC Home Page
- ◆ DNSC Home Page is currently undergoing revision to add a separate Rubber Sales Tab/Button--ready by start date of BOA sales
- ◆ Quote/Award Form (I.1) can be accessed, completed, and printed from web site, but is not currently interactive

DNSC WEB SITE

<https://www.dnsc.dla.mil>



- ◆ **The following areas will be updated as required on the Rubber Web Page:**
 - ◆ Posting Date of Material Offering
 - ◆ Due Date of Quotes
 - ◆ Telephone number of POC (for questions)
 - ◆ Material posted for sale or “No Sales for Today”
 - ◆ Item Number
 - ◆ Storage Location
 - ◆ Grade/Type
 - ◆ Quantity (Long Tons)
 - ◆ Any additional information or notes for quoters

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Open Discussion



- ◆ Length of time needed to quote from time of notification of sale-- Hours/days?
- ◆ Contract awarded with two business day from receipt of quotes. What value would be added?
- ◆ Optimal quantities per sale
- ◆ Other issues or discussion points?

Thank you for your participation in the DNSC Rubber Industry Meeting!



■ To contact the DNSC Rubber Sales Team:

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■ Storage Specialist, 703-767-

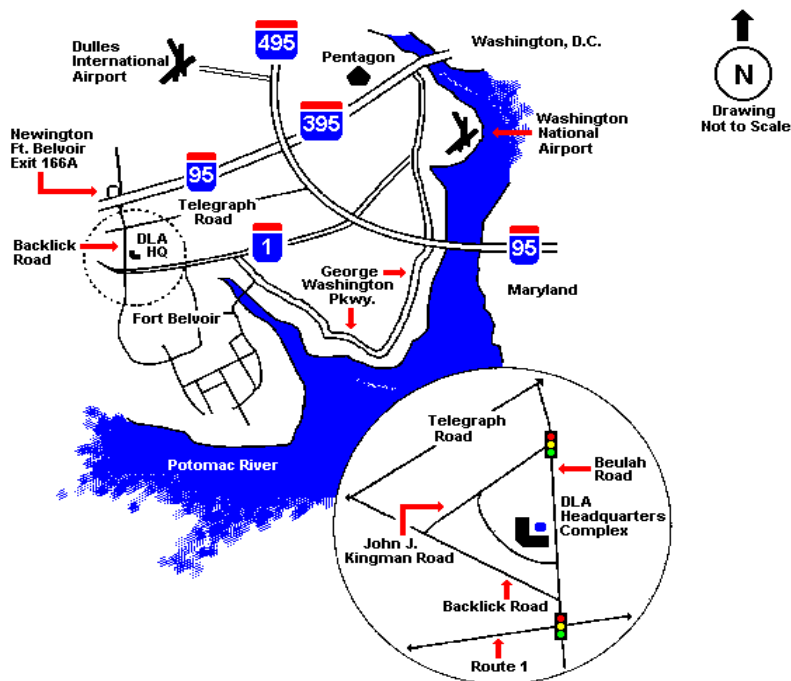
■ **Winnie McCray**, winnie_mccray@hq.dla.mil
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■

Come Visit Us

703-767-5500

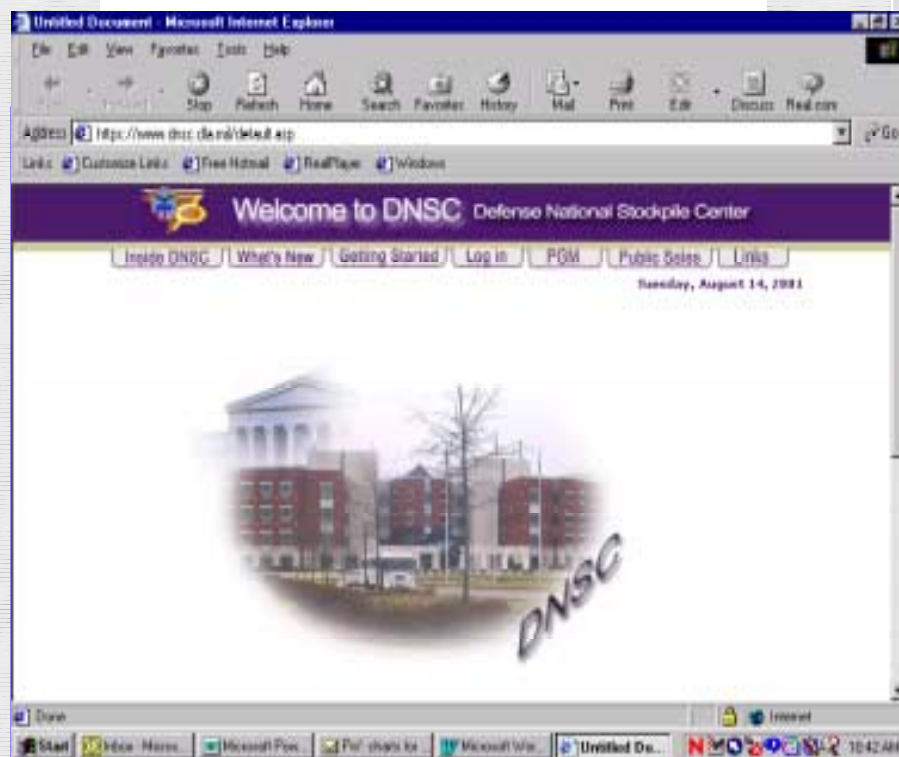


...at the office



Fort Belvoir, VA

...or on our website



<https://www.dnsc.dla.mil>